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SUBJECT: SOMALIA - Diaspora Business Thrives in Dubai

REF: A) Nairobi 543 B) Nairobi 2553

¶1. (U) SUMMARY. This cable is the first of two on Somalia's Dubai-based Diaspora. Though Somalia remains mired in conflict, the country's private sector boasts successful operations in a variety of sectors including livestock, telecommunications, shipping, transportation, import and exports of various commodities. Major business leaders are based in the United Arab Emirates (UAE), using Dubai's open trade and financial platforms as a lifeline to their interests across Somalia. The Dubai-based Somalia Business Council is defunct, having split three years ago in conflict over its leadership, but there was interest in re-organizing another formal association. Our interlocutors welcomed the prospect of strengthening trade and commercial relationships between Somalia and the United States. All said that full U.S. engagement on Somalia, especially with our allies in the Persian Gulf, is a necessary ingredient for any success. END SUMMARY.

Dubai: Somalia's Lifeline

¶2. (U) Between November 7 and 13, Somalia Unit PolOff met with some of Somalia's most successful business leaders who operate from Dubai but maintain major influence in the vibrant economy that continues to grow despite the ongoing conflict (Reftel A). Somalia has historically been an important link for trade between East Africa and the Arab World and Somalis have established close relations with countries across the Middle East. In addition to long-held religious ties that bind Somalia to Saudi Arabia, countries like Qatar, Kuwait, Yemen, Oman, and Iran have played an increasingly important role. Yet the UAE has emerged as a hub for Somali business and in the post-civil war era, Dubai has become Somalia's lifeline. With the collapse of the Somali government, failed institutions, and violence that has forced millions to flee, a large Somali community has found safe-haven in Dubai.

¶3. (U) Many Somalis living in UAE hold passports from other countries, typically Canada, the U.S., and several European countries. Others retain only their Somali nationality. While travel for them in most parts of the world is difficult, they have had no trouble declaring residency in the UAE, and are welcomed in Dubai as "fellow members of the Arab world." It is standard to have several nationalities in one family. The Somali Embassy in Abu Dhabi does not have a formal count of the number of Somalis in UAE, but some observers estimate that as many as 100,000 Somalis are residents and countless others regularly travel there on business.

14. (U) With its open trade platform and financial system, Dubai has become the base for activities across all of Somalia's sectors. In telecommunications, for example, operators are unable to directly purchase equipment for their Somali-registered companies as most suppliers (except Chinese) refuse to sell, ship, and install equipment in Somalia. Instead, they use their Dubai-registered affiliates to order any necessary equipment, now mostly sourcing from Asia, and then trans-ship via Dubai to Somalia. In financial services, major money transfer companies use Dubai-based institutions for their transactions, especially as most of the U.S. banks have recently closed their accounts. For major commodity trading, the shipping operators use Dubai as the hub for their activities, ordering rice from India, Pakistan and China to import (along with every other imaginable item) to Somalia. The delivery ships and planes leave Somalia filled with livestock, meat, and charcoal, Somalia's major exports. In every sector, Dubai and its Somali Diaspora play a major role in supplying all regions of the country with its basic (and not so basic) needs.

Help With Gulf Cooperation Council

16. (SBU) Our interlocutors from all sectors discussed the importance of Somalia's trade with the Middle East, particularly in livestock. They said that one of the most important ways the U.S. can help Somalia is by using its influence with countries in the Gulf Cooperation Council (GCC), especially Saudi Arabia, to re-open its markets for direct imports of Somali livestock. They told us that in the late 1990s during an epidemic of Rift Valley Fever in

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East Africa, the Middle East ceased imports from the region until more stringent health requirements could be met. Livestock from Somalia is now shipped, mainly from Berbera and Bossaso, to UAE, Oman, and Yemen. While Saudi Arabia has long re-commenced imports from other countries in the region, it has not directly accepted Somali livestock. Instead, a significant amount of Somali livestock is transported to Djibouti and goes through its facility (now controlled by a Saudi company) to Saudi Arabia. They said that if Somalia was allowed to ship directly to Saudi Arabia, the livestock industry would grow and pastoralists across the country would be able to sustain their livelihoods.

17. (SBU) Slaughterhouses in Mogadishu, Galkayo, Beletweyn, and other cities regularly supply fresh meat to Dubai that is inspected at the point of origin by officers of Dubai-based municipalities. The meat (usually beef and lamb) is then transported by 15 to 16 ton capacity Russian-made aircraft to Dubai where it is once again inspected and sold to wholesalers who supply meat markets in the UAE and beyond. The Somali business owners told us they would be able to get a better price if they had their own facilities and could directly supply the Gulf region. They said that more formal U.S. recognition of the TFG would encourage GCC countries to recognize a national authority that could formally certify the livestock and the meat in Somalia at the point of origin. The Dubai-based Somali business leaders requested full engagement by the U.S. on Somalia's economy, not just its politics. They agreed that if the U.S. were to ask Saudi Arabia, Kuwait, Qatar, and other countries to focus their efforts on Somalia, the Gulf countries would immediately be forthcoming with increased official assistance and more private initiatives to increase trade and sustain livelihoods in Somalia.

Somalia Business Council

18. (SBU) From 2001 until about 2006, Dubai was the home of an active Somalia Business Council (SBC) that all agreed was highly successful for about five years. The SBC was reportedly comprised of about fifteen members, four of whom were from Somaliland. The organization operated as an advocate for business interests in Somalia and was a venue for information-sharing and community-building among its members. As the organization

developed, it began the process of drafting by-laws and articles of association. When it came time to elect a Chairman, two highly influential businessmen, Sharif Ahmed Ba'alawi and Mohamed Jirde, each received the same number of votes. Neither Ba'alawi nor Jirde were steadfast on holding the office and each volunteered to let the other lead, but neither of their respective constituencies would back down. Although the council formed a committee to resolve the leadership dispute, they also reached an impasse. The Council subsequently dissolved and has not been active for approximately three years.

¶9. (SBU) Many of the persons with whom we spoke indicated an interest in reviving an SBC-like structure. Others criticized us, the World Bank, the UN, and other institutions for reaching out only to the SBC and for not engaging with business leaders outside of this organization. In particular, some of the medium- and smaller-sized businesses said they are equally important, if not more so, because their numbers are greater, yet they are never sought out for consultations. A few mentioned the more recently established Djibouti-based Somali Business and Investment Council (SBIC) (Ref B) as another institution with whom they have alliances.

There are also other trade-specific organizations like the Somali Telecommunications Association, established in 1998, which has worked with UNDP and the World Bank to develop Somalia's telecommunications infrastructure. While personal business interests are the highest priority, the business leaders believed that collective action would have the greatest long-term impact on improving Somalia's investment environment.

Women-Owned Business Thriving

¶10. (SBU) While the major Dubai-based business leaders are men, there is a growing numbers of women who have successful operations in the city. In the area of Dubai known as the Old Gold Souk, there

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are at least 100 Somali-run shops selling jewelry, clothing, perfumes, beauty products, and other items. Many of these are owned and managed by Somali women. We met with first woman to open a jewelry store in Dubai. She said that most of her clients are Somali or West African women typically from Senegal, Mali, Mauritania, and the Gambia who purchase goods in Dubai for resale in their home countries. On a regular basis, she sends gold jewelry to Somalia. She said, "We get reports of shooting and violence, and yet they call later the same day and order nine kilos of gold -- they have always accepted each shipment."

¶11. (SBU) Many of these women shop owners have worked their way up from informal trading and some "graduate" to other activities. While in Dubai, we met one shop owner who is currently a TFG Member of Parliament. Another businesswoman, Amcit Sofia Nurie, has owned a jewelry store, a "ready-made" clothing shop, and now owns five trucks and contracts with Dubai-based construction companies to transport materials. There is no formal association for the Somali women business owners and there were no female members of the SBC when it was operational. The women with whom we met also closely followed current events inside Somalia and they had very strong political views. Many told us, "It is the men that have caused all of the problems in Somalia and alone, they will never get anywhere - it is time for women to take a more active leadership role." All were delighted to hear of U.S. interest in Somali women entrepreneurs. Zahra Abdulle, a Canadian-Somali business owner who has been living in Dubai for 28 years, recommended that we reach out to intellectuals as well as business leaders to expand the "small prism" through which we view Somalia.

Engaging the Business Community

¶12. (SBU) We are working with the United Nations Political Office for Somalia on its meeting to engage Somalia's business elite, scheduled for December 20-23 in Dar es Salaam, Tanzania. SRSG Ahmedou Ould-Abdallah hosted a meeting of several of the most

influential Dubai-based business leaders in January 2008 and S/E Yates participated in this event. UNDP is also spearheading an initiative to engage with Somalia's business sector and recently spent two weeks in Dubai to assess how to re-energize the Somali Business Council. We will continue to strengthen our relationships with the Dubai-based business community, as well as with Djibouti's SBIC, Nairobi-based business leaders, and with the formal and informal associations operating inside Somalia. These networks are critical for their influence on the economic development of the country and their business leaders also play an important role in Somalia's political arena.

¶13. (U) The Somalia Unit thanks Consulate Dubai for facilitating the visit on which this telegram is based.

RANNEBERGER